

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: FREE SPEECH SYSTEMS, LLC., <u>Debtor.</u>	§ § § § §	Case No. 22-60043 Chapter 11 (Subchapter V)
---	-----------------------	--

**DEBTOR’S NOTICE OF CASH COLLATERAL BUDGET FOR
NOVEMBER 2023 WITH CONSENT OF SECURED CREDITOR**

FREE SPEECH SYSTEMS, LLC. (“FSS” or “Debtor”) files this notice in accordance with the direction of the Court at the October 26, 2023 hearing regarding the use of cash collateral in November 2023. At that hearing the Court instructed the Debtor to file a notice attaching the budgeted use of cash collateral during the month of November in lieu of a further hearing.

FSS’ cash collateral budget for November 2023 is attached to this Notice as Exhibit A (the “Budget”). The party holding a disputed lien on the Debtor’s cash collateral, PQPR Holdings, LLC has consented to the use of cash collateral in accordance with the budget.

The budget reflects the use of cash collateral consistent with the payment of reasonable and necessary operating expenses of FSS throughout the pendency of this case. Unlike prior budgets, Debtor’s management has proposed to increase Alex Jones salary as an “at will” employee of the Debtor. FSS’ management believes that the increased compensation to Jones is commensurate with the value of his services to the Debtor and the proposed increase reflects the exercise of management’s best business judgment.

Management of the Debtor has stated on the record that Mr. Jones is undercompensated and has attempted to increase his compensation beginning in early to mid-2023. The Debtor’s cash collateral budgets since June 2023 have included a contingency for increased salary to be paid to Jones pursuant to a proposed employment agreement between Jones and FSS. Efforts to enter

into a proposed Employment Agreement have been delayed by discussions with the Creditors Committee appointed in the Jones bankruptcy case.

The Budget reflects the use of cash collateral from October 2023 through the end of November 2023 and includes the deletion of expenses which were not paid during the month of October 2023.

Respectfully submitted.

LAW OFFICES OF RAY BATTAGLIA, PLLC

/s/ RAYMOND W. BATTAGLIA

Raymond W. Battaglia

State Bar No. 01918055

rbattagliaw@outlook.com

66 Granburg Circle

San Antonio, Texas 78218

Tel. (210) 601-9405

Counsel to the Debtor and Debtor-In-Possession

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by the Court's CM/ECF system on all parties registered to receive such service on the date of filing,

/s/Raymond W. Battaglia

Raymond W. Battaglia

CURRENT 8 WEEK BUDGET												Total	NOTES
10/01/2023-10/07/2023 40	10/08/2023-10/14/2023 41	10/15/2023-10/21/2023 42	10/22/2023-10/28/2023 43	10/29/2023-10/31/2023 44	11/01/2023-11/04/2023 44	11/05/2023-11/11/2023 45	11/12/2023-11/18/2023 46	11/19/2023-11/25/2023 47	11/26/2023-11/30/2023 48				
Income													
Product Sales (Net of 7.0% Merchant Fee)	\$ 405,099.00	\$ 352,260.00	\$ 405,099.00	\$ 405,099.00	\$ 173,613.86	\$ 231,485.14	\$ 415,226.48	\$ 411,175.49	\$ 477,510.45	\$ 392,240.72	\$ 3,668,809.13		Net of 7.0% CC Merchant fees. Includes Shipping and Sales Tax, excludes any P/QPR / Platinum related sales
New Product Initiative	126,463.20	109,968.00	126,463.20	126,463.20	54,198.51	72,264.69	129,624.78	128,360.15	149,068.50	171,428.77	1,194,303.00		Drop Ship vendor for Meals Ready to Eat and Coffee, gross sales
Point of Sales Revenue	44,165.75	38,405.00	44,165.75	44,165.75	4,274.10	25,237.57	45,269.89	44,828.24	52,060.38	59,869.43	402,441.87		Fulfillment Vendor Product Sales
Platinum / P/QPR Commission	72,714.50	63,230.00	72,714.50	72,714.50	31,163.36	41,551.14	74,532.36	73,805.22	85,712.22	98,569.05	686,706.65		Net of 50% payment to P/QPR
Donations	3,500.00	3,500.00	3,500.00	3,500.00	1,500.00	2,000.00	3,587.50	3,552.50	4,125.63	4,744.47	33,510.09		
Total Income	651,942.45	567,363.00	651,942.45	651,942.45	264,749.83	372,538.54	668,241.01	661,721.59	768,477.16	726,852.45	5,985,770.94		
Selling & Product Costs													
Inventory Purchases	-	(150,000.00)	-	-	(150,000.00)	(195,000.00)	(90,737.35)	(115,000.00)	(150,000.00)	(100,000.00)	(860,000.00)		Inventory deposits and purchases from numerous Vendors
New Product Initiative	(88,524.24)	(76,977.60)	(88,524.24)	(88,524.24)	(37,998.96)	(50,585.28)	(27,161.94)	(89,862.10)	(104,347.95)	(120,000.14)	(836,012.10)		Payments to Meal Ready to Eat Vendor
Point of Sale Product Cost	(28,499.45)	(23,043.00)	(28,499.45)	(28,499.45)	(2,564.46)	(15,142.54)	(26,896.94)	(26,896.94)	(31,236.23)	(35,921.66)	(241,485.12)		Fulfillment Vendor product costs
Fulfillment Services	(54,688.37)	(47,555.10)	(54,688.37)	(54,688.37)	(23,437.87)	(31,250.49)	(56,055.69)	(55,008.69)	(64,463.91)	(52,952.50)	(495,289.23)		Fulfillment Vendor shipping and handling costs
Taxes Sales Tax (20% of Sales @ 6.25%)	(5,063.24)	(4,403.25)	(5,063.24)	(5,063.24)	(2,170.17)	(2,893.65)	(5,190.33)	(5,139.69)	(5,968.88)	(4,903.01)	(45,860.11)		
Total Cost of Goods Sold	(174,775.79)	(301,978.95)	(174,775.79)	(174,775.79)	(216,111.47)	(294,871.88)	(179,145.19)	(292,387.43)	(356,016.97)	(313,777.31)	(2,478,626.57)		
Operating Expenses													
Advertising & Promotion	-	-	-	-	-	-	-	-	-	-	-		
Print Media	-	-	-	-	-	-	-	-	-	-	-		
Radio Show Advertising	-	-	-	-	-	-	-	-	-	-	-		
Total Advertising & Promotion	-	-	-	-	-	-	-	-	-	-	-		
Computer/IT Expense													
Internet & TV services	(2,500.00)	(1,500.00)	(1,750.00)	(3,250.00)	-	(2,500.00)	(1,500.00)	(1,750.00)	(1,000.00)	(3,250.00)	(19,000.00)		
Server Hosting / Cloud Service / Ecomm	(90,000.00)	(100,000.00)	(150,000.00)	(50,000.00)	-	(90,000.00)	(100,000.00)	(150,000.00)	(100,000.00)	(50,000.00)	(540,000.00)		
Website Service	(140,000.00)	(100,000.00)	(150,000.00)	(150,000.00)	-	(140,000.00)	(100,000.00)	(150,000.00)	(100,000.00)	(50,000.00)	(565,000.00)		
Telecommunications	(18,500.00)	(5,000.00)	(2,000.00)	(7,000.00)	-	(18,500.00)	(5,000.00)	(2,000.00)	(1,500.00)	(7,000.00)	(66,500.00)		
Image License, Software & Other	(10,000.00)	-	(10,000.00)	(10,000.00)	-	(10,000.00)	-	(10,000.00)	-	(10,000.00)	(60,000.00)		
Total Computer/IT Expense	(261,000.00)	(265,000.00)	(43,750.00)	(85,250.00)	-	(261,000.00)	(26,500.00)	(43,750.00)	(17,500.00)	(85,250.00)	(850,500.00)		
Office & Administrative Expense													
Bank Fees & Service Charges	(100.00)	(200.00)	(200.00)	(200.00)	(100.00)	(100.00)	(200.00)	(200.00)	(200.00)	(200.00)	(1,700.00)		Liability, auto, property and workers comp
Insurance	-	(15,000.00)	-	-	-	(50,000.00)	(23,000.00)	-	-	-	(88,000.00)		
Rent	(57,440.00)	-	-	(500.00)	-	(57,440.00)	-	(800.00)	(1,000.00)	(1,500.00)	(114,880.00)		
Utilities	(3,100.00)	-	(800.00)	-	-	-	-	-	-	-	(10,800.00)		
Janitorial	-	-	-	-	-	-	-	-	-	-	-		
Office Security	(9,000.00)	(9,000.00)	(9,000.00)	(9,000.00)	-	(9,000.00)	(9,000.00)	(9,000.00)	(9,000.00)	(9,000.00)	(81,000.00)		
Repair & Maintenance	-	(1,000.00)	(1,000.00)	(5,000.00)	-	-	(1,000.00)	-	-	-	(7,000.00)		
Supplies/Printing/Copy	(1,000.00)	(1,000.00)	(1,000.00)	(2,500.00)	-	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)	(10,500.00)		Includes a Konica Minolta copier lease
Business Meals	(500.00)	(500.00)	(500.00)	(1,000.00)	-	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(5,000.00)		
Total Office & Administrative Expense	(71,140.00)	(26,700.00)	(11,500.00)	(18,200.00)	(100.00)	(121,140.00)	(34,700.00)	(11,500.00)	(11,700.00)	(12,200.00)	(231,880.00)		
Personnel Expenses													
Salaries & Wages & Benefits	(155,500.00)	-	(155,500.00)	-	-	(155,500.00)	-	(155,500.00)	-	-	(777,500.00)		
Payroll Tax	(14,040.00)	-	(14,040.00)	-	-	(17,055.38)	-	(17,055.38)	-	-	(79,246.15)		
Contract Employees	(32,450.00)	(2,500.00)	(14,500.00)	(5,000.00)	-	(14,500.00)	-	(14,500.00)	-	-	(97,950.00)		
Consulting Services	(4,500.00)	(5,000.00)	(4,500.00)	(7,500.00)	-	(4,500.00)	-	(4,500.00)	-	-	(35,000.00)		HR and Bookkeeping Fees
Alex Jones Salary	(20,000.00)	-	(20,000.00)	-	-	(57,692.31)	-	(57,692.31)	-	-	(57,692.31)		
Total Personnel Expenses	(226,490.00)	(7,500.00)	(208,540.00)	(12,500.00)	-	(249,247.69)	-	(249,247.69)	-	-	(2,492,247.69)		
Travel													
Mileage/Parking/Trails	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(1,000.00)		Interview w/ Tucker Carlson and trip to southern border to cover current events
Special Event Travel	-	(18,000.00)	-	-	-	-	(18,000.00)	-	-	-	(36,000.00)		
Travel / Lodging	-	-	-	-	-	-	-	-	-	-	-		
Vehicle Rental / Leases	(100.00)	(500.00)	(500.00)	(500.00)	(100.00)	(500.00)	-	(500.00)	(500.00)	(500.00)	(4,000.00)		
Total Travel Expenses	(100.00)	(18,600.00)	(600.00)	(600.00)	(200.00)	(600.00)	(18,600.00)	(600.00)	(600.00)	(600.00)	(4,000.00)		
Total Operating Expenses	(558,730.00)	(79,300.00)	(264,390.00)	(116,550.00)	(200.00)	(631,987.69)	(79,800.00)	(305,097.69)	(29,800.00)	(347,297.69)	(2,413,153.08)		
Non-Operating Expenses													
Adequate Protection Payment to SEC Bank	-	(2,750.00)	-	-	-	-	(2,750.00)	-	-	-	(5,500.00)		Secured note for the company owned RV
Total Other Expenses	-	(2,750.00)	-	-	-	-	(2,750.00)	-	-	-	(5,500.00)		
Professional Fees													
CRO Fees	-	-	-	(50,000.00)	-	-	-	-	-	-	(100,000.00)		
CRO Expenses	-	-	-	(10,000.00)	-	-	-	-	-	-	(20,000.00)		
Trustee Fees	-	-	-	(45,000.00)	-	-	-	-	-	-	(95,000.00)		
Trustee Counsel	-	(100,000.00)	-	-	-	-	-	-	-	-	(100,000.00)		
Legal Fees - Payroll	-	(15,000.00)	-	-	-	-	(37,960.00)	-	-	-	(65,920.00)		
Legal Fees - Tax Consulting	-	(25,000.00)	-	-	-	-	(25,000.00)	-	-	-	(25,000.00)		
Legal Fees - Texas Angelika Counsel	-	-	-	-	-	-	(65,000.00)	-	-	-	(60,000.00)		
Discovery Data / Court Reporter Fee	-	-	-	-	-	-	(30,000.00)	-	-	-	(30,000.00)		compilation
Ray Sarafalla	-	(40,000.00)	-	-	-	-	(50,000.00)	-	-	-	(80,000.00)		
Total Professional Fees	(81,663.24)	(100,000.00)	(60,000.00)	(105,000.00)	-	-	(30,000.00)	(177,960.00)	(60,000.00)	(72,960.00)	(615,520.00)		
Total Cash Flow	83,334.06	132,776.66	255,616.66	48,438.37	(654,321.03)	376,545.82	(113,733.54)	332,660.20	(7,182.59)	472,671.29			
Ending Cash	1,348,522.11	1,431,856.16	1,564,632.82	1,820,249.47	1,868,687.84	1,314,366.81	1,690,912.63	1,577,179.09	1,909,839.29	1,902,656.74			

EXHIBIT

A

exhibitsticker.com